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Counsel for Plaintiff Evergreen State Holdings, LLC

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON
PENDLETON DIVISION

EVERGREEN STATE HOLDINGS, LLC,

CASE NO.

Plaintiff,

COMPLAINT FOR DAMAGES:

v.

DORCHESTER INSURANCE COMPANY,
LTD.,

Defendant.

- 1. BREACH OF CONTRACT (28 U.S.C. § 1332)**
- 2. BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING ((28 U.S.C. § 1332)**
- 3. NEGLIGENCE PER SE (28 U.S.C. § 1332)**

DEMAND FOR JURY TRIAL

Plaintiff, EVERGREEN STATE HOLDINGS, LLC (“Evergreen”) asserts the following claims against Defendant DORCHESTER INSURANCE COMPANY, LTD. (“Dorchester”):

PARTIES

1. Evergreen is an LLC whose sole member is ESI Holdings, LLC, a Nevada LLC, whose sole member is Golden Acquisition Sub, LLC, a Delaware LLC, whose sole member is Botanical Genetics, LLC, a Delaware LLC, whose sole member is 22nd Century Group, Inc., which is a Nevada Corporation with a principal place of business in New York. Thus, for purposes of this action, Evergreen is a citizen of New York and Nevada.

2. Dorchester is a property and casualty insurer that is a citizen of the U.S. Virgin Islands, with its principal place of business located at 5180 Dronningens Gade, Ste 202, St.

Thomas, United States Virgin Islands.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this Complaint under 28 U.S.C. § 1332(a) because the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between citizens of different states (here, New York and Nevada and the U.S. Virgin Islands).

4. This Court has personal jurisdiction over Dorchester because it engages in substantial and not isolated activities within this state. *See* Or. R. Civ. P. 4(a)(4).

5. Venue is proper in the United States District Court for the District of Oregon, Pendleton Division, as a substantial part of the events or omissions giving rise to the claim occurred in this District and the insured property is located in this District. *See* 28 U.S.C. § 1391(b)(1).

FACTUAL ALLEGATIONS

A. Evergreen's Business

6. Evergreen was founded in 2017 and is based in Grass Valley, Oregon.

7. Evergreen is an industry leading technology-driven hemp solutions provider.

8. Evergreen owns and operates a hemp product manufacturing plant in Grass Valley (the "Grass Valley Plant").

9. Evergreen "is one of the biggest employers in Sherman County." Stephen Allen, City of Grass Valley Evacuates from Explosion at Bio Plant, The Times Journal, November 20, 2022 (available at: <https://timesjournal1886.com/city-of-grass-valley-evacuates-from-explosion-at-bio-plant/>).

B. Evergreen Purchases Insurance from Dorchester

10. To obtain peace of mind and protect its business, its assets and workers against potential risks, Evergreen purchased insurance, including relevant here, general property coverage insurance policy no. CDP-0007120-04 from Dorchester, effective date January 1, 2022 to January 1, 2023 (the "Policy"). *See* Dorchester Policy, attached hereto as Exhibit "A".

11. Evergreen's premium on the Policy was \$81,190.17, which it paid in full and at all times otherwise complied with the terms of the Policy.

12. The Policy contains a Business Income (and Extra Expense) Coverage Form (the “Business Income Coverage”) that provides a limit of insurance of \$15,000,000. *See* Ex. A, Declarations Page at 17.

13. The Business Income Coverage provides, in pertinent part:

A. Coverage

1. Business Income Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

....

We will pay for the actual loss of Business Income you sustain due to the necessary “suspension” of your “operations” during the “period of restoration”. The “suspension” must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

....

5. Additional Coverages

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of “operations”, the “period of restoration” for Business Income Coverage will begin on the date “operations” would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than “Rental Value”

If the necessary “suspension” of your “operations” produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except “finished stock”) is actually repaired, rebuilt or replaced and “operations” are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your “operations”, with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 60 consecutive days after the date determined in (1)(a) above.

....

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

Ex. A at Business Income Coverage, 38-43.

14. The Policy provides coverage for physical losses related to a fire. *See* Ex. A at Cause of Loss – Special Form, 47-56.

C. The Grass Valley Plant Suffers a Catastrophic Fire

15. On November 20, 2022, static electricity inside of a lab at the Grass Valley Plant caused a spark that triggered an explosion in the extraction room. *See* November 23, 2022 Acknowledgement of Loss Letter, attached hereto as Exhibit “B”. The explosion resulted in a fire that destroyed the Grass Valley Plant.



Barney Lerten, Investigation Underway of Explosion, Fire at Grass Valley Hemp Products Manufacturing Plant, Evacuation Lifted, KTVZ News Channel 21, November 21, 2022 (available at: <https://ktvz.com/news/fire/2022/11/20/investigation-underway-of-explosion-fire-at-grass-valley-hemp-products-manufacturing-plant-evacuation-lifted/>).

16. Due to the fire, the Sherman County Sheriff evacuated the town of Grass Valley



and closed an 11-mile stretch of Route 97. *Id.*

17. The Grass Valley Plant was declared a total loss. *Id.*

D. Evergreen Submits a Claim for Business Income Coverage

18. As a result of the fire, Evergreen immediately ceased all operations at the Grass Valley Plant; operations cannot restart at this location and are not expected to fully resume until 2024 in Prineville, Oregon.

19. Evergreen immediately notified Dorchester of the fire, who acknowledged the claim on November 23, 2022 and assigned claim number 109435. *See* Ex. B.

E. As Evergreen Suffers, Dorchester Refuses to Release Business Income Coverage

20. Dorchester appointed third party, Hines Peak, to adjust the claim through claims examiner Kent Kassi, independent adjustor DiAnna Webber and forensic accountant Micah Pilgrim.

21. Since the inception of the claim, Evergreen has provided detailed and complete business records, financials, payroll information, past sales information, future projections, and other documents to establish the amount owed under the business income coverage provisions of the Dorchester policy.

22. Moreover, in response to an inquiry from Dorchester, Evergreen retained counsel to provide a thorough analysis and written response thereto, incurring significant cost.

23. At all times, Evergreen fully paid its premium and complied with the requirements of the Policy.

24. Despite Evergreen's responsiveness and compliance with Dorchester's requests, in the eight months since the fire, Dorchester has paid \$0 under the Business Income Coverage.

25. Remarkably, Dorchester has not even articulated any relevant reason for the denial of the Business Income Coverage.

26. Dorchester has not reserved its rights in any way.

27. As a result of Dorchester's effective denial of the claim, Evergreen, its business, its operations and its dozens of Sherman County employees are in dire financial straits.

28. In fact, as a direct consequence of Dorchester's effective denial of Evergreen's covered claim, Evergreen's parent company, 22nd Century, was required to take extraordinary actions to cover debts arising in the ordinary course and to keep its business running and viable, including assuming dilutive and expensive alternative sources of capital to meet payroll, fund operations and stay in operation. The market has spoken negatively about such apparently desperate financing, hammering the stock price, which is down 88% since Jan 20, 2023 and down 80% *since* May 5, 2023.

29. Repeatedly Evergreen has pleaded with Dorchester to finalize its adjustment of the claim and to pay Evergreen the invaluable Business Income Coverage portion of its claim for which it paid a healthy premium.

30. Dorchester has never offered any legitimate, legally or equitably appropriate reason for withholding benefits.

31. Dorchester continues to refuse and deny the claim through inaction and purportedly to conduct an endless investigation into unrelated/irrelevant matters, and has chosen its own interests over Evergreen.

32. Dorchester's failure and refusal to honor its policy has imperiled Evergreen's business and its ability to sustain operations in Oregon or to employ Oregonians.

FIRST CLAIM FOR RELIEF

(BREACH OF CONTRACT)

33. Evergreen re-alleges and incorporates by reference the allegations of paragraphs 1 through 32, as though fully set forth herein.

34. The Policy is a valid and enforceable contract between Evergreen and Dorchester.

35. The Business Income Coverage imposes a duty upon Dorchester to provide Evergreen with up to \$15,000,000 business income loss incurred at the Grass Valley Plant.

36. Dorchester has breached that duty by, among other things, refusing to release funds due and owing pursuant to the Business Income Coverage

37. Dorchester has elevated its own interest over its insured's, for no good or legitimate

reason.

38. Dorchester has failed and refused to extend invaluable policy benefits for which Evergreen paid a hefty premium.

39. As a direct and proximate result of Dorchester's breach, Evergreen has suffered and will continue to suffer direct, incidental, and consequential damages in an amount to be proven at trial, including direct assault on Evergreen parent company's stock price, market capitalization, creditworthiness and ongoing viability.

SECOND CLAIM FOR RELIEF

(BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING)

40. Evergreen re-alleges and incorporates by reference the allegations of paragraphs 1 through 39, as though fully set forth herein.

41. The Policy, including the Business Income Coverage, is a valid and enforceable contract between Evergreen and Dorchester.

42. In connection with the Policy, Dorchester owes a duty of good faith and fair dealing to act in a manner that will effectuate the reasonable contractual expectation of the parties.

43. Dorchester has breached that duty by, among other things, refusing to release funds due and owing pursuant to the Business Income Coverage and that are critical to Evergreen's continued operations.

44. As a direct and proximate result of Dorchester's breach, Evergreen has suffered and will continue to suffer direct, incidental, and consequential damages in an amount to be proven at trial.

THIRD CLAIM FOR RELIEF

(NEGLIGENCE PER SE FOR VIOLATION OF THE OREGON UNFAIR CLAIMS SETTLEMENT PRACTICES ACT, ORS 746.230)

45. Evergreen re-alleges and incorporates by reference the allegations of paragraphs 1 through 44, as though fully set forth herein.

46. The Oregon Unfair Claims Settlement Practices Act, ORS 746.230 (the "Unfair Claims Settlement Practices Act"), provides that an insurer may not do the following unfair claim

settlement practices:

- (a) Misrepresenting facts or policy provisions in settling claims;
- (b) Failing to acknowledge and act promptly upon communications relating to claims;
- (c) Failing to adopt and implement reasonable standards for the prompt investigation of claims;
- (d) Refusing to pay claims without conducting a reasonable investigation based on all available information;
- (e) Failing to affirm or deny coverage of claims within a reasonable time after completed proof of loss statements have been submitted;
- (f) Not attempting, in good faith, to promptly and equitably settle claims in which liability has become reasonably clear;
- (g) Compelling claimants to initiate litigation to recover amounts due by offering substantially less than amounts ultimately recovered in actions brought by such claimants;
- (L) Failing to promptly settle claims under one coverage of a policy where liability has become reasonably clear in order to influence settlements under other coverages of the policy;
- (m) Failing to promptly provide the proper explanation of the basis relied on in the insurance policy in relation to the facts or applicable law for the denial of a claim[.]

47. At every turn, Evergreen gave Dorchester prompt notice of the claim, extensive documentation related to its business income loss, prompt replies to each and every request for information and otherwise complied with the Policy's terms and conditions.

48. Coverage for Evergreen's losses and the amounts thereof are, and have, been reasonably clear for months.

49. Unfortunately, also at every turn, Dorchester has unreasonably refused to release to Evergreen funds it desperately needs to stay afloat, all without explaining its reasoning or offering any legitimate question about coverage or the extent thereof.

50. Dorchester has thus, violated and continues to violate multiple provisions of the Unfair Claims Settlement Practices Act, requiring Evergreen's parent company, 22nd Century, to take on dilutive and expensive alternative sources of capital to meet payroll, fund operations and stay in operation. Such financing required Evergreen and its parent company to suffer an injury to its reputation as the market reacted negatively to the apparently desperate financing. As such, the stock price is down 88% since Jan 20, 2023 and down 80% *since* May 5, 2023.

51. Moreover, Dorchester's delay affected Evergreen's value, as it was valued at approximately \$60,000,000 in May 2022 and is now valued at approximately \$5,000,000, causing a negative effect on Evergreen's relationship and reputation with customers, vendors, creditors and the general public.

52. As an insurance buyer, Evergreen is a member of the class of persons meant to be protected by the Unfair Claims Settlement Practices Act.

53. The Unfair Claims Settlement Practices Act was enacted to ensure that insurance-buyers get what they pay for, here, business income coverage.

54. Because of Dorchester's refusal to pay business income funds, Evergreen has suffered non-economic damages.

PRAYER FOR RELIEF

55. For damages representing the Business Income Coverage that is due and owing to Evergreen in an amount not less than \$9,000,000, which amount continues to grow daily;

56. For pre-judgment and post-judgment interest on the foregoing sums at the highest rate permitted by contract or law;

57. For foreseeable, predictable consequential damages related to Dorchester's breach of its coverage obligations, specifically its failure to honor its obligation to pay business income loss;

58. For non-economic damages related to Dorchester's breach of the Unfair Claims Settlement Practices Act;

59. For punitive damages;

60. For an award of attorneys' fees and costs incurred in prosecuting this action;

61. For costs of suit; and

62. For such other and further relief as the Court deems just and proper.

JURY DEMAND

63. Pursuant to Federal Rule of Civil Procedure 38(b), Evergreen hereby demands trial by jury of all issues properly triable thereby.

Dated: July 19, 2023.

By: /s/ Martin E. Hansen

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*Counsel for Plaintiff Evergreen State Holdings,
LLC*

COMMON POLICY DECLARATIONS

POLICY NUMBER: CDP-0007120-04

Coverage Provided By:
Dorchester Insurance Company, Ltd

Responsible Agent of Record:
CIS Insurance Services, LLC
1468 W 9th Street Suite 805
Cleveland, Ohio 44113
800-420-5757
cannasure.com

NAMED INSURED: Evergreen State Holdings, LLC; Central Oregon Processing LLC; Prineville Solutions IMAILING ADDRESS: PO Box 158Grass Valley, OR 97029

POLICY PERIOD: FROM 01/01/2022 TO 01/01/2023 AT 12:01 A.M. STANDARD
 TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BUSINESS ENTITY ☐ Individual ☐ Partnership ☐ Corporation ☒ Limited Liability Company
☐ Joint Venture ☐ Trust ☐ Other:

BUSINESS DESCRIPTION Manufacturer

**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS
 POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

**THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS
 INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.**

	PREMIUM
COMMERCIAL PROPERTY COVERAGE PART	\$77,930.00
COMMERCIAL GENERAL LIABILITY COVERAGE PART	N/A
COMMERCIAL EXCESS LIABILITY	N/A
COMMERCIAL INLAND MARINE COVERAGE PART	N/A
PRODUCTS LIABILITY COVERAGE	N/A
TERRORISM	REJECTED
ADMIN FEE	\$1,250.00
Inspection FEE	\$175.00
SURPLUS LINES TAX	\$1,587.10
FIRE MARSHAL TAX	\$238.07
SLSC	\$10.00

"This insurance was procured and developed under the Oregon surplus lines laws. It is NOT covered by the provisions of ORS 734.510 to 734.710 relating to the Oregon Insurance Guaranty Association. If the insurer issuing this insurance becomes insolvent, the Oregon Insurance Guaranty Association has no obligation to pay claims under this insurance."

TOTAL: \$81,190.17


Exhibit A
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SCHEDULE OF NAMED INSURED:

Evergreen State Holdings, LLC; Central Oregon Processing LLC; Prineville Solutions LLC DBA GVB Oregon;
Prineville Refrigeration Co

FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):

SEE SCHEDULE OF FORMS

Countersigned:	By:
01/20/2022	
(Date)	(Authorized Representative)

SCHEDULE OF FORMS

Named Insured: Evergreen State Holdings, LLC; Central Oregon Processing LLC; Prineville Solutions LLC DBA

Policy Number: CDP-0007120-04

COMMON POLICY

CISDECD01	(10 17)	COMMON POLICY DECLARATIONS-PROP
CIS ASF	(04 19)	TWO OR MORE COVERAGE FORMS OR POLICIES
		ISSUED BY US
CIS MP 004	(10 17)	25% MINIMUM EARNED PREMIUM ENDORSEMENT
CIS SUIT D N006	(10 17)	SERVICE OF SUIT CLAUSE
IL 00 17	(11 98)	COMMON POLICY CONDITIONS
CIS DISCLOSURE TRIA	(12 17)	DISCLOSURE PURSUANT TO TERRORISM RISK
		INSURANCE ACT
IL 09 53	(01 15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 01 39	(12 02)	OREGON CHANGES
IL 02 79	(09 08)	OREGON CHANGES - CANCELLATION AND NONRENEWAL
IL N 085	(02 11)	OREGON FRAUD STATEMENT
CIS CP 99 32	(05 20)	EXCLUSION - COMMUNICABLE DISEASE

COMMERCIAL PROPERTY

CIS CP DEC 02	(10 17)	COMMERCIAL PROPERTY COVERAGE PART
		DECLARATIONS PAGE
CIS CP DEC 02 A	(10 17)	CANNABIS AND HEMP SCHEDULE
CP 00 90 -	(02 00)	COMMERCIAL PROPERTY CONDITIONS (INCLUDES
		RESTRICTIONS OR ABRIDGMENTS)-OREGON
CP 00 10	(10 12)	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 30	(10 12)	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE
		FORM
CP 10 30	(09 17)	CAUSES OF LOSS-SPECIAL FORM
CIS CP 99 00	(04 19)	CANNABIS AND HEMP COVERAGE
CIS CP TRANSIT	(11 17)	PROPERTY IN TRANSIT
CIS CP 99 50	(02 20)	EXPANDED PROPERTY ENDORSEMENT
CIS CP 99 11	(02 20)	PROTECTIVE SAFEGUARDS
CIS CP 99 12	(02 20)	PROTECTIVE SAFEGUARDS SCHEDULE
CIS CP 99 30	(10 17)	TOTAL FUNGUS, WET ROT, DRY ROT AND BACTERIA
		EXCLUSION
CIS CP NBCR	(05 20)	EXCLUSION - NUCLEAR, BIOLOGICAL,
		BIO-CHEMICAL, CHEMICAL AND RADIATION
CIS CP 14 20	(02 19)	ADDITIONAL PROPERTY NOT COVERED-CANNABIS AND
		HEMP
CIS CP 99 60	(08 18)	EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT
CP 10 36	(10 12)	LIMITATIONS ON COVERAGE FOR ROOF SURFACING
CIS CP 10 38	(02 20)	DISCHARGE FROM SEWER, DRAIN OR SUMP (NOT
		FLOOD-RELATED)
CP 03 21	(10 12)	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
CP 01 40	(07 06)	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
IL 09 35	(07 02)	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

POLICY NUMBER: CDP-0007120-04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TWO OR MORE COVERAGE FORMS OR POLICIES ISSUED BY US

This endorsement modifies insurance provided under the following:

COMMON POLICY CONDITIONS

The following is added to Common Policy Conditions:

If any Coverage Form attached to this policy and any other Coverage Form or policy issued by us or any company affiliated with us provide coverage to anyone who qualifies as an insured under the policies and apply to the same accident, claim, damage, loss, "occurrence", offense, or "suit", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over the Coverage Form.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

25% MINIMUM EARNED PREMIUM ENDORSEMENT

In the event the policy is cancelled by the Named Insured, the policy premium is subject to a Minimum Earned Premium of 25% of the total policy premium.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED

CIS SUIT D N006 (10 17)

SERVICE OF SUIT CLAUSE

IT IS AGREED THAT IN THE EVENT OF THE FAILURE OF THE COMPANY TO PAY ANY AMOUNT CLAIMED TO BE DUE HEREUNDER, THE COMPANY, AT THE REQUEST OF THE INSURED, WILL SUBMIT TO THE JURISDICTION OF ANY COURT OF COMPETENT JURISDICTION WITHIN THE UNITED STATES AND WILL COMPLY WITH ALL REQUIREMENTS NECESSARY TO GIVE SUCH COURT JURISDICTION AND ALL MATTERS ARISING HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAW AND PRACTICE OF SUCH COURT.

IT IS FURTHER AGREED THAT, PURSUANT TO ANY STATUTE OF ANY STATE, TERRITORY OR DISTRICT OF THE UNITED STATES WHICH MAKE PROVISION THEREFOR, THE COMPANY HEREBY DESIGNATES THE SUPERINTENDENT, COMMISSIONER OR DIRECTOR OF INSURANCE OR OTHER OFFICER SPECIFIED FOR THAT PURPOSE IN THE STATUTE, OR HIS SUCCESSOR OR SUCCESSORS IN OFFICE, AS ITS TRUE AND LAWFUL ATTORNEY UPON WHOM MAY BE SERVED ANY LAWFUL PROCESS IN ANY ACTION, SUIT OR PROCEEDING INSTITUTED BY OR ON BEHALF OF THE INSURED OR ANY BENEFICIARY HEREUNDER ARISING OUT OF THIS POLICY OF INSURANCE, AND HEREBY DESIGNATES

Theresa Fabela
President
Dorchester Insurance Company LTD
24025 Park Sorrento Suite 300
Calabasas, CA 91302

AS THE PERSON TO WHOM THE SAID OFFICER IS AUTHORIZED TO MAIL SUCH PROCESS OR TRUE COPY THEREOF.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

<p>PART I</p> <p>Terrorism Premium (Certified Acts) \$ \$1,948.00</p> <p>This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies): ALL COVERAGE PARTS ASSOCIATED WITH THIS POLICY</p> <p>Additional information, if any, concerning the terrorism premium: NOT APPLICABLE</p>
<p>PART II</p> <p>Federal share of terrorism losses (Refer to Paragraph B. in this endorsement.)</p> <p>83% Year 2017 82% Year 2018 81% Year 2019 80% Year 2020</p> <p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

Exhibit A

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POLICY NUMBER: CDP-0007120-04

IL 09 53 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
ALL	ALL
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OREGON CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
 COVERAGES, CONDITIONS, DEFINITIONS
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT
 COVERAGE FORM

- A.** When this endorsement is attached to the **Standard Property Policy CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:
- CONCEALMENT, MISREPRESENTATION OR FRAUD**
1. Subject to Paragraphs 2. and 3. below, this entire Coverage Part or Coverage Form will be void if, whether before or after a loss, you have willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject of it, or your interest in it, or in case of any fraud or false swearing by you relating to it.
 2. All statements made by you or on your behalf, in the absence of fraud, will be deemed representations and not warranties. No such statements that arise from an error in the application will be used in defense of a claim under this Coverage Part or Coverage Form unless:
 - a. The statements are contained in a written application; and
 - b. A copy of the application is endorsed upon or attached to this Coverage Part or Coverage Form when issued.
 3. In order to use any representation made by you or on your behalf in defense of a claim under the Coverage Part or Coverage Form, we must show that the representations are material and that we relied on them.
- C.** Except as provided in **D.** below, the **Appraisal** Condition is replaced by the following:
- APPRAISAL**
- If we and you disagree on the value of the property or the amount of loss ("loss") both parties may agree to an appraisal of the loss and to be bound by the results of that appraisal. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the other expenses of the appraisal and umpire equally.
- If there is an appraisal, we will still retain our right to deny the claim.
- D.** The **Appraisal** Condition in:
1. Business Income Coverage Form (And Extra Expense) **CP 00 30**;
 2. Business Income Coverage Form (Without Extra Expense) **CP 00 32**; and

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3. Capital Assets Program Coverage Form (Output Policy) **OP 00 01**, Paragraph **A.7. Business Income And Extra Expense**

is replaced by the following:

APPRAISAL

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, both parties may agree to an appraisal of the loss and to be bound by the results of that appraisal. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

E. The following Loss Conditions:

1. **Duties In The Event Of Loss (Or Damage);**
2. **Duties If You Incur Extra Expense** in Extra Expense Coverage Form **CP 00 50**; and
3. **Duties In The Event Of Loss Of Covered Leasehold Interest** in Leasehold Interest Coverage Form **CP 00 60**

are revised as follows:

The provision requiring a signed, sworn proof of loss is replaced by the following:

Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 90 days after you receive the necessary forms from us.

F. The Mortgageholders Condition in the:

1. Commercial Property Coverage Part; and
2. Farm Coverage Part – Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions;

is replaced by the following and the following is added to the Commercial Inland Marine Coverage Part:

MORTGAGEHOLDERS

a. Oregon law states as follows:

- (1) "If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured ('insured'), such interest in this policy may be canceled by giving to such mortgagee a 10 days' written notice of cancellation".
- (2) "If the insured ('insured') fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing".

b. The term mortgageholder includes trustee.

c. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

d. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

e. If we deny your claim because of your acts or because you have failed to comply with the terms of this insurance, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this insurance at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss in accordance with Paragraph **a.(2)**; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All the terms of the affected insurance will then apply directly to the mortgageholder.

f. If we cancel this policy, we will give written notice to the mortgageholder:

(1) In accordance with Paragraph a.(1); or

(2) At least:

(a) 10 days before the effective date of the cancellation if we cancel for your non-payment of premium; or

(b) 30 days before the effective date of cancellation if we cancel for any other reason other than provided for in Paragraph a.(1).

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OREGON CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation Common Policy Condition is replaced by the following:**

2. If this policy has been in effect for:

- a.** Fewer than 60 days and is not a renewal policy, we may cancel for any reason.
- b.** 60 days or more or is a renewal policy, we may cancel only for one or more of the following reasons:
 - (1)** Nonpayment of premium;
 - (2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (3)** Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision;
 - (4)** Failure to comply with reasonable loss control recommendations;
 - (5)** Substantial breach of contractual duties, conditions or warranties;
 - (6)** Determination by the commissioner that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize our solvency or will place us in violation of the insurance laws of Oregon or any other state; or

(7) Loss or decrease in reinsurance covering the risk.

c. 60 days or more or is a renewal policy, we may cancel for any other reason approved by the commissioner by rule, but only with respect to insurance provided under the following:

- (1)** A package policy that includes commercial property and commercial liability insurance;
- (2)** Commercial Automobile Coverage Part;
- (3)** Commercial General Liability Coverage Part;
- (4)** Commercial Property Coverage Part – Legal Liability Coverage Form;
- (5)** Commercial Property Coverage Part – Mortgageholders Errors And Omissions Coverage Form;
- (6)** Employment-related Practices Liability Coverage Part;
- (7)** Farm Coverage Part – Farm Liability Coverage Form;
- (8)** Liquor Liability Coverage Part;
- (9)** Products/Completed Operations Liability Coverage Part; or
- (10)** Medical Professional Liability Coverage Part.

Exhibit A
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B. Paragraph 3. of the **Cancellation** Common Policy Condition is amended by the addition of the following:

3. We will mail or deliver to the first Named Insured written notice of cancellation, stating the reason for cancellation.

C. The following is added to the **Cancellation** Common Policy Condition:

7. Number Of Days' Notice Of Cancellation:

a. With respect to insurance provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least 10 working days after the first Named Insured receives our notice.

b. With respect to insurance other than that provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least:

(1) 10 days after the first Named Insured receives our notice, if we cancel for nonpayment of premium; or

(2) 30 days after the first Named Insured receives our notice, if we cancel for any other reason.

D. Paragraph 6. of the **Cancellation** Common Policy Condition does not apply.

E. The following are added and supersede any provision to the contrary:

1. Nonrenewal

We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal before the:

a. Expiration date of the policy; or

b. Anniversary date of the policy if the policy is written for a term of more than one year or without a fixed expiration date.

However, if this policy is issued for a term of more than one year and for additional consideration the premium is guaranteed, we may not refuse to renew the policy at its anniversary date.

Nonrenewal will not be effective until at least 45 days after the first Named Insured receives our notice.

2. Mailing Of Notices

a. If notice of cancellation or nonrenewal is mailed, a post office certificate of mailing will be conclusive proof that the first Named Insured received the notice on the third calendar day after the date of the certificate of mailing.

b. The following provision applies with respect to coverage provided under the Farm Coverage Part:

If the first Named Insured has affirmatively consented to our use of an electronic record to deliver notice of cancellation or nonrenewal and has not withdrawn such consent, then the electronic record delivering notice of cancellation or nonrenewal satisfies the requirement that the notice of cancellation or nonrenewal be provided, or made available, to the first Named Insured in writing if we send the first Named Insured the electronic record with a request for a return receipt and we receive the return receipt. If we do not receive the return receipt, we may cancel or nonrenew the policy only after providing or delivering the notice of cancellation or nonrenewal to the first Named Insured in writing, subject to Paragraph **2.a.** above.

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OREGON FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A.** The misinformation is material to the content of the policy;
- B.** We relied upon the misinformation; and
- C.** The information was either:
 - 1.** Material to the risk assumed by us; or
 - 2.** Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

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POLICY NUMBER: CDP-0007120-04

COMMERCIAL PROPERTY
CIS CP DEC 02 10 17**COMMERCIAL PROPERTY COVERAGE PART
DECLARATIONS PAGE**NAMED INSURED: Evergreen State Holdings, LLC; Central Oregon PrcPOLICY PERIOD: 01/01/2022 - 01/01/2023**DESCRIPTION OF PREMISES**Prem. Bldg. Location, Construction And Occupancy
No. No.

1	1	212 NE North Street, Grass Valley, OR 97029	Joisted Masonry	TENAN
2	1	57590 Yew Dr, Tygh Valley, OR 97063	Non-Combustible	TENAN
3	1	1948 N Main St, Suite #F, Prineville, OR 97754		OWNER

COVERAGES PROVIDED Insurance At The Described Premises Applies Only For Coverages For
Which A Limit Of Insurance Is Shown

Prem. No.	Bldg. No.	Coverage	Limit Of Insurance	Covered Cause Of Loss	Coinsurance/ BI Monthly Limit	Deductible	Valuation
1	1	Business Personal Property	\$2,500,000	Special	80%	\$2,500	RC
1	1	Completed Stock	\$500,000			\$2,500	
1	1	Business Income w/Extra Exp	\$15,000,000	Special	1/6		
1	1	Goods in Process	\$1,000,000			\$2,500	
1	1	Equipment Breakdown				\$2,500	
1	1	Expanded Property Endorsement					
1	1	Property in Transit				\$2,500	
1	1	Tenant Improvements	\$1,000,000	Special	80%	\$2,500	RC
1	1	Backup of Sewer/Drain/Sump				\$2,500	
2	1	Business Personal Property	\$250,000	Special	80%	\$2,500	RC
2	1	Goods in Process	\$200,000			\$2,500	
2	1	Equipment Breakdown				\$2,500	
2	1	Expanded Property Endorsement					
2	1	Backup of Sewer/Drain/Sump				\$2,500	
2	1	Property in Transit				\$2,500	
3	1	Building	\$200,000	Special	80%	\$2,500	RC
3	1	Equipment Breakdown				\$2,500	
3	1	Expanded Property Endorsement					

CIS CP DEC 02 (10 17)

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POLICY NUMBER: CDP-0007120-04

COMMERCIAL PROPERTY
CIS CP DEC 02 10 17**COMMERCIAL PROPERTY COVERAGE PART
DECLARATIONS PAGE**NAMED INSURED: Evergreen State Holdings, LLC; Central Oregon PrcPOLICY PERIOD: 01/01/2022 - 01/01/2023**DESCRIPTION OF PREMISES**Prem. Bldg. Location, Construction And Occupancy
No. No.

COVERAGES PROVIDED		Insurance At The Described Premises Applies Only For Coverages For Which A Limit Of Insurance Is Shown				
Prem. No.	Bldg. No.	Coverage	Limit Of Insurance	Covered Cause Of Loss	Coinsurance/BI Monthly Limit	Deductible Valuation
3	1	Backup of Sewer/Drain/Sump				\$2,500
3	1	Property in Transit				\$2,500

CANNABIS AND HEMP COVERAGE CISC 99.00

Loc # 1 Bldg# 1	Growth Stage	Number of Plants	Per Plant Value	Limit Of Insurance
"Living Plant Material"	Immature Seedling			
	Vegetative			
	Flowering			
"Goods In Process"				\$1,000,000
Unplanted Seeds				
"Completed Stock"				\$500,000
"Completed Stock" while on display	As a percentage of the "Completed Stock" Limit Of Insurance, not additional insurance			25%

Loc # 2 Bldg# 1	Growth Stage	Number of Plants	Per Plant Value	Limit Of Insurance
"Living Plant Material"	Immature Seedling			
	Vegetative			
	Flowering			
"Goods In Process"				\$200,000
Unplanted Seeds				
"Completed Stock"				
"Completed Stock" while on display	As a percentage of the "Completed Stock" Limit Of Insurance, not additional insurance			25%

Loc # 3 Bldg# 1	Growth Stage	Number of Plants	Per Plant Value	Limit Of Insurance
"Living Plant Material"	Immature Seedling			
	Vegetative			
	Flowering			
"Goods In Process"				
Unplanted Seeds				
"Completed Stock"				
"Completed Stock" while on display	As a percentage of the "Completed Stock" Limit Of Insurance, not additional insurance			25%

COMMERCIAL PROPERTY
CP 00 90 02 00**COMMERCIAL PROPERTY CONDITIONS (INCLUDES RESTRICTIONS OR ABRIDGMENTS) – OREGON**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.
- The amount payable under this Additional Coverage is additional insurance.
- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
 - (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
 - (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.
- f. Electronic Data**
- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

- h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

- (1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:
- (a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

- (2)** Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
- (a)** Vandalism;
- (b)** Sprinkler leakage, unless you have protected the system against freezing;
- (c)** Building glass breakage;
- (d)** Water damage;
- (e)** Theft; or
- (f)** Attempted theft.
- (2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

The amount of loss is:

Building at Location 2: \$ 30,000

Personal Property at Location 2: \$ 20,000
\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations – does not apply based on Paragraph A.4.d. therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition**COINSURANCE**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

- 1. The Coinsurance percentage shown for Business Income in the Declarations; times
- 2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 150,000

The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 200,000

The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When:	The Limit of Insurance is:	\$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is:	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
	(\$120,000 x 1/4 = \$30,000)	
	If, in this example, the actual amount of loss is:	
	Days 1–30:	\$ 40,000
	Days 31–60:	\$ 20,000
	Days 61–90:	\$ 30,000
		\$ 90,000
	We will pay:	
	Days 1–30:	\$ 30,000
	Days 31–60:	\$ 20,000
	Days 61–90:	\$ 30,000
		\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

Example

When:	The Limit of Insurance is:	\$ 100,000
	The Agreed Value is:	\$ 200,000
	The amount of loss is:	\$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.**
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.**

d.(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1)** You do your best to maintain heat in the building or structure; or
 - (2)** You drain the equipment and shut off the supply if the heat is not maintained.
- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j.** Rain, snow, ice or sleet to personal property in the open.
- k.** Collapse, including any of the following conditions of property or any part of the property:
 - (1)** An abrupt falling down or caving in;
 - (2)** Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3)** Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a)** To the extent that coverage is provided under the Additional Coverage, Collapse; or
 - (b)** To collapse caused by one or more of the following:
 - (i)** The "specified causes of loss";
 - (ii)** Breakage of building glass;
 - (iii)** Weight of rain that collects on a roof; or
 - (iv)** Weight of people or personal property.
 - l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".
- This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.
- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
 - b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c.** Faulty, inadequate or defective:
 - (1)** Planning, zoning, development, surveying, siting;
 - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3)** Materials used in repair, construction, renovation or remodeling; or
 - (4)** Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;
 - (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
- b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c.** \$2,500 for patterns, dies, molds and forms.
- d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a.** Results in discharge of any substance from an automatic fire protection system; or
- b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does not apply to:

- a.** A building or any part of a building that is in danger of falling down or caving in;
- b.** A part of a building that is standing, even if it has separated from another part of the building; or
- c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following:
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means:
 - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS AND HEMP COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSE OF LOSS – SPECIAL FORM

The Coverage Form to which this endorsement applies is extended to insure against direct physical loss or damage by the Covered Causes of Loss, but only with respect to coverage provided by this endorsement.

A. Paragraph A.1., Covered Property, is replaced by the following:**1. Covered Property**

Covered Property means unplanted seeds, "Living Plant Material", "Goods In Process" and "Completed Stock" while located within a building described and scheduled in the Declarations.

B. Paragraphs A.2.e., A.2.h. and A.2.k Property Not Covered are replaced by the following:

- e.** Contraband, or property in the course of illegal transportation or trade. Contraband does not include "Living Plant Material", "Goods In Process" and "Completed Stock";
- h.** Land (including land on which the property is located) water, growing crops (other than "Living Plant Material") or lawns (other than lawns which are part of a vegetated roof) and
- k.** Property that is covered under another coverage form of this or any other policy in which it is more specifically described.

C. Paragraph A.3., Covered Causes Of Loss, is replaced by the following:**3. Covered Causes Of Loss**

- a.** Fire.
- b.** Lightning.
- c.** Explosion, including the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. This cause of loss does not include loss or damage by:
 - (1) Rupture, bursting or operation of pressure- relief devices; or
 - (2) Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.
- d.** Windstorm or Hail, but not including:
 - (1) Frost or cold weather;
 - (2) Ice (other than hail), snow or sleet, whether driven by wind or not;
 - (3) Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.
- e.** Smoke causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.
- f.** Aircraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the described property or with the building or structure containing the described property. This cause of loss includes loss or damage by objects falling from aircraft.
We will not pay for loss or damage caused by or resulting from vehicles you own or which are operated in the course of your business.
- g.** Riot or Civil Commotion, including:
 - (1) Acts of striking employees while occupying the described premises; and
 - (2) Looting occurring at the time and place of a riot or civil commotion.

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- h. Vandalism, meaning willful and malicious damage to, or destruction of, the described property.
- i. Sprinkler Leakage, meaning leakage or discharge of any substance from an Automatic Sprinkler System, including collapse of a tank that is part of the system.
If the building or structure containing the Automatic Sprinkler System is Covered Property, we will also pay the cost to:
 - (1) Repair or replace damaged parts of the Automatic Sprinkler System if the damage:
 - (a) Results in sprinkler leakage; or
 - (b) Is directly caused by freezing.
 - (2) Tear out and replace any part of the building or structure to repair damage to the Automatic Sprinkler System that has resulted in sprinkler leakage.
Automatic Sprinkler System means:
 - (a) Any automatic fire-protective or extinguishing system, including connected:
 - (i) Sprinklers and discharge nozzles;
 - (ii) Ducts, pipes, valves and fittings;
 - (iii) Tanks, their component parts and supports; and
 - (iv) Pumps and private fire protection mains.
 - (b) When supplied from an automatic fire- protective system:
 - (i) Non-automatic fire-protective systems; and
 - (ii) Hydrants, standpipes and outlets.
- j. Sinkhole Collapse, meaning loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
- k. Volcanic Action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
 - (1) Airborne volcanic blast or airborne shock waves;
 - (2) Ash, dust or particulate matter; or
 - (3) Lava flow.

With respect to coverage for Volcanic Action as set forth in **k. (1)**, **k. (2)** and **k. (3)** all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

This cause of loss does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.
- l. Falling Objects, but we will not pay for loss or damage to the interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- m. Weight Of Snow, Ice Or Sleet
But we will not pay for loss or damage to lawns, trees, shrubs or plants which are part of a vegetated roof.
- n. Water Damage
 - (1) Water Damage, meaning accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance, that is located on the described premises and contains water or steam. However, Water Damage does not include:
 - (a) Discharge or leakage from:
 - (i) An Automatic Sprinkler System;
 - (ii) A sump or related equipment and parts, including overflow due to sump pump failure or excessive volume of water; or
 - (iii) Roof drains, gutters, downspouts or similar fixtures or equipment;
 - (b) The cost to repair any defect that caused the loss or damage;

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- (c) Loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more; or
 - (d) Loss or damage caused by or resulting from freezing, unless:
 - (i) You do your best to maintain heat in the building or structure; or
 - (ii) You drain the equipment and shut off the water supply if the heat is not maintained.
 - (2) If coverage applies subject to (1) above, and the building or structure containing the system or appliance is Covered Property, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or steam escapes. But we will not pay the cost to repair any defect that caused the loss or damage.
 - o. Theft. But theft does not include unexplained disappearance or shortage found upon taking inventory.
- D. For the coverage provided by this Endorsement, Paragraph **E.7. Valuation** is deleted and replaced with the following:
7. Valuation
- We will determine the value of the Covered Property in the event of loss or damage as follows:
- a. At Replacement Cost for Unplanted Seeds.
 - b. At the lesser of wholesale value or the amount stated in the Declarations for "Completed Stock".
 - c. At the lesser of wholesale value per plant or the Per Plant Value stated in the Declarations for "Living Plant Material".
 - d. At the lesser of wholesale value or the amount stated in the Declarations for "Goods In Process".
- Information in the insured's inventory tracking, seed to sale tracking or similar inventory or record keeping system will be subject to review when determining the value of the Covered Property.
- E. Paragraph **A.5., Coverage Extensions**, does not apply.
- F. Paragraph **B., Exclusions**, is amended with the following:

B. Exclusions

- 1. Only the following Exclusions contained in Paragraph **B.1.** of the Special Causes of Loss Form applicable to this Coverage Part apply to the Cannabis and Hemp Coverage Form:
 - b. Earth Movement;
 - d. Nuclear Hazard;
 - e. Utility Services;
 - f. War And Military Action; and
 - g. Water.
- 2. Subject to paragraphs 3. And 4. below, only the Exclusions **b. i.** and **m.** contained in Paragraph **B.2.** of the Special Causes of Loss Form applicable to this Coverage Part apply to the Cannabis and Hemp Coverage Form:
- 3. Subparagraph **B.2.e.** of the Special Causes of Loss Form applicable to this Coverage Part applies. However, this exclusion does not apply if this policy includes Equipment Breakdown coverage.
- 4. Subparagraph **B.2.h.** of the Special Causes of Loss Form applicable to this Coverage Part is deleted and replaced with the following:

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- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party. This exclusion applies whether or not an act occurs during your normal hours of operation.
5. Paragraphs **B.3.**, **B.4.**, and **B.5.** of the Special Causes of Loss Form applicable to this Coverage Part do not apply.
6. The following Exclusions are added:
We will not pay for loss or damage caused by or resulting from:
- a. The disconnection of any heating, refrigerating, cooling or humidity control system from the source of power at the described premises.
 - b. The deactivation of electrical power at the described premises caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
 - c. The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
 - d. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.
 - e. The disconnection or deactivation of any irrigation system at the described premises.
- G. The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions:
- It is warranted on the policy that all "Completed Stock" is kept locked in a safe or a vault room at all times during business and non-business hours except for inventory and/or "Completed Stock" on display during business hours.
- It is further warranted that any safe must have a one hour fire rating, weigh a minimum of 800 pounds and be bolted to a concrete floor. Any safe that is over 2,000 pounds is not required to be bolted to the ground.
- IF THESE REQUIREMENTS ARE NOT MET, THEFT COVERAGE IS HEREBY EXCLUDED FROM THIS ENDORSEMENT IN ITS ENTIRETY.
- H. For the coverage provided by this Endorsement, the following is added to **C. Limits Of Insurance**:
- The most we will pay for "**Completed Stock**" while on display during business hours will not exceed the percentage of the "**Completed Stock**" Limit of Insurance shown in the Declarations.
- I. The following is added to the Definitions:
- "**Living Plant Material**" means immature cannabis or hemp seedlings, cannabis or hemp plants in the vegetative growth stage and mature flowering cannabis or hemp plants rooted in growing medium.
- "**Goods In Process**" means mature cannabis or hemp plant material no longer in the growing medium which is in the process of being dried and cured or in a further stage of manufacturing including but not limited to processing, extraction or baking. "Goods In Process" does not include "Completed Stock".
- "**Completed Stock**" means final product derived from cannabis or hemp plant material which has been processed, labeled and is ready for sale.

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**COMMERCIAL PROPERTY
CIS CP TRANSIT (11 17)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY IN TRANSIT

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

SCHEDULE

Property In Transit Occurrence Limit	\$100,000.00
Property In Transit Annual Aggregate	\$200,000.00

A. Item F. Additional Coverage Extensions, paragraph 1.c. Property In Transit is amended as follows:

The most we will pay for loss or damage in an occurrence under this Extension is the Occurrence Limit shown in the Schedule of this endorsement, subject to the Annual Aggregate Amount shown in the Schedule.

B. For the purposes of this Endorsement, the following Condition is added:

All personal property must be transported in containers that latch or clasp shut and sealed with a tamper evident barrier.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXPANDED PROPERTY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

Except as modified below, all other terms and conditions of the above-referenced policies remain unchanged.

SECTION I – The following modifications are made to the Building and Personal Property Coverage Form.

A. The following are added to Paragraph 4. Additional Coverages of **SECTION A. COVERAGE**:

g. Arson Reward

When fire by arson damages Covered Property, we will pay up to a \$5,000 reward to any person or persons who provide information leading to an arson conviction. This Limit of Insurance applies per occurrence regardless of the number of persons providing information or the number of persons convicted. If more than one person provides such information, the \$5,000 reward shall be split among the qualifying persons.

No deductible applies to this Additional Coverage.

h. Lock Replacement

We will pay your expense to repair or replace the exterior or interior door locks of Covered Property if it is necessary because:

- (1) Your keys were stolen in a covered theft loss; or
- (2) Your property was damaged and your keys were stolen by the burglars.

The most we will pay in any one occurrence for this Additional Coverage is \$1,000.

No deductible applies to this Additional Coverage.

i. Fire Extinguisher Recharge

We will pay the expense you incur to recharge any Underwriters Laboratories (UL) listed hand-held or portable fire extinguisher, or any UL listed fixed fire extinguishing system using carbon dioxide or dry chemical agents. The discharge must have occurred:

- (1) In fighting a fire threatening covered property during the policy period; or
- (2) As the result of a Covered Cause of Loss.

The expense we will pay include only the following:

- (1) Reasonable shipping expense incurred, but only if incurred for the purpose of having the extinguisher(s) recharged; or
- (2) The amount actually charged by the fire extinguisher service company for recharging the extinguisher or replacing fusible links.

However, we will not pay more than:

- (1) \$50 per hand-held or portable fire extinguisher;
- (2) \$500 per fixed extinguishing system;
- (3) \$1,000 per occurrence, regardless of the number of extinguishers or extinguishing systems recharged.

No deductible applies to this Additional Coverage.

- B.** Paragraph **5.b.** Personal Effects And Property Of Others of **SECTION A. COVERAGE** is replaced by the following:

b. Personal Effects And Property Of Others

The insurance that applies to Your Business Personal Property is extended to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage for paragraphs (1) and (2) under this Extension is \$25,000 at each described premises, but not more than \$2,500 to any one person in any one loss. This is subject to the deductible applicable in this endorsement. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

- C.** Paragraph **5.c.** Valuable Papers and Records (Other Than Electronic Data) of **SECTION A. COVERAGE** provides coverage of \$2,500. We will pay at each described premises up to an additional \$22,500 subject to the deductible applicable to this endorsement.
- D.** Paragraph **5.d.** Property Off-Premises of **SECTION A. COVERAGE** provides coverage of \$10,000. We will pay up to an additional \$5,000 for loss or damage subject to the deductible applicable in this endorsement.
- E.** Paragraph **5.e.** Outdoor Property of **SECTION A. COVERAGE** provides coverage of \$1,000 for loss or damage to trees, shrubs or plants, but no more than \$250 for any one tree, shrub or plant. We will pay up to \$5,000 for loss or damage to trees, shrubs or plants, but no more than \$500 for any one tree, shrub or plant. This extension is subject to the deductible applicable in this endorsement.
- F.** The following extensions are added to Paragraph **5.** Coverage Extensions of **SECTION A. COVERAGE**:

h. Money and Securities

- (1) We will pay for loss of "money" and "securities" used in your business while at a bank savings institution, at the described premises, or in transit between any of these places, resulting directly from:
 - (a) Theft, meaning any act of stealing;
 - (b) Disappearance; or
 - (c) Destruction.
- (2) In addition to the Limitations and Exclusions applicable to business personal property coverage, we will not pay for loss:
 - (a) Resulting from accounting or arithmetical errors or omissions;
 - (b) Due to the giving or surrendering of property in any exchange or purchase; or
 - (c) Of property contained in any money- oriented device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.
- (3) The most we will pay for loss of in any one occurrence is:
 - (a) \$10,000 inside the premises for "money" and "securities" while:
 - (i) In or on the described premises; or
 - (ii) Within a bank or savings institution; and
 - (b) \$10,000 outside the premises for "money" and "securities" while anywhere else.
- (4) We will not pay for loss of "money" and "securities" in any one occurrence until the amount of loss exceeds the deductible applicable in this endorsement.
- (5) All loss:
 - (a) Caused by one or more persons; or
 - (b) Involving a single act or series of related acts;
 is considered one occurrence.

- (6) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- (7) In the event of loss or damage we will determine the values as follows:
 - (a) "Money" at face value; and
 - (b) "Securities" at face value at the close of business on the day the loss is discovered.

i. Property of Others Off-Premises

This insurance applies to damage arising from your negligence which results in direct physical loss to property of others in your care, custody or control away from the described premises. This insurance also applies to damage resulting in direct physical loss to property of others on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, provided the damage arises out of negligence in the performance of such operations. This extension of coverage is subject to the following:

- (1) The most we will pay for loss or damage under this extension of coverage is a maximum of \$1,000 for any one occurrence and \$10,000 in the aggregate;
- (2) This coverage extension does not apply to reimbursement for your labor costs to restore, repair or replace the damaged property;
- (3) Reimbursement for the cost of all parts and materials used to restore, repair or replace the damaged property shall be made at your cost;
- (4) This coverage extension shall only apply to the extent of your legal liability to the owner of the damaged property; and
- (5) This coverage extension does not apply to damage to your work or to your product.

Our payment for loss or damage to property of others will only be for the account of the owner of the property. We may pay any part or all of your deductible amount to effect settlement of any claim and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible which has been paid by us.

We will not pay for loss of property of others in your care, custody or control off premises in any one occurrence until the amount of loss exceeds a \$250 deductible.

j. Employee Dishonesty

- (1) We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (a) Cause you to sustain loss or damage; and also
 - (b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions, or other employee benefits earned in the normal course of employment) for:
 - (i) Any employee; or
 - (ii) Any other person or organization.
- (2) We will not pay for loss or damage:
 - (a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
 - (b) The only proof of which as to its existence or amounts is:
 - (i) An inventory computation; or
 - (ii) A profit and loss computation.
- (3) The most we will pay for loss or damage in any one occurrence is \$15,000. This is subject to the deductible applicable in this endorsement.
- (4) All loss or damage:
 - (a) Caused by one or more persons; or
 - (b) Involving a single act or series of related acts; is considered one occurrence.
- (5) We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy

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remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- (6) This coverage extension does not apply to any employee immediately upon discovery by:
 - (a) You; or
 - (b) Any of your partners, officers, or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.
- (7) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- (8) If you sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this coverage extension, provided:
 - (a) This coverage extension became effective at the time of cancellation or termination of the prior insurance; and
 - (b) The loss or damage would have been covered by this coverage extension had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- (9) The insurance under paragraph (8) above is part of, not in addition to, the Limit of Insurance applying to this coverage extension and is limited to the lesser of the amount recoverable under:
 - (a) This coverage extension as of its effective date; or
 - (b) The prior insurance had it remained in effect.

k. Miscellaneous Tools and Equipment

- (1) We will pay for loss to miscellaneous tools and equipment owned, rented, or leased by you or your employees from any of the Covered Causes of Loss if the loss occurs within the United States of America or Canada.
- (2) If theft is a Covered Cause of Loss, coverage does not apply to theft from any unattended vehicle, unless at the time of the theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was a result of forced entry.
- (3) Covered Property does not include:
 - (a) motor vehicles designed for highway use, including motorcycles; aircraft or watercraft;
 - (b) plans, blueprints, designs, or specifications;
 - (c) property located underground, in caissons, or underwater;
 - (d) waterborne property unless loss is caused by fire;
 - (e) property which has become a permanent part of any structure;
 - (f) dynamos, exciters, lamps, switches, motors, or other electrical appliances or devices, including wiring, if loss is caused by artificially generated current creating a short circuit or other electrical disturbance.

But we will pay for direct loss caused by resulting fire.

 - (g) tires or tubes unless loss is caused by:
 - (i) fire
 - (ii) windstorm
 - (iii) theft

or unless loss occurs at the same time as the loss which is insured by this policy.
- (4) The most we will pay for this coverage is \$15,000 but not to exceed \$1,000 for any one item, subject to a separate Miscellaneous Tools and Equipment per occurrence deductible of \$500.

G. Special Coverages

The following Special Coverages are added to the Building and Personal Property Coverage Form. These Special Coverages are subject to all of the terms, conditions, exclusions and deductibles applicable in this endorsement, except where otherwise provided herein. Each of these Special Coverages is additional insurance. The Coinsurance condition does not apply to these Special Coverages.

1. Accounts Receivable

- a. We will pay for losses that result from Covered Causes of Loss to your records of accounts receivable as described below:
 - (1) All amounts due from your customers that you are unable to collect as a consequence of the Covered Cause of Loss;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (3) Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and
 - (4) Other reasonable expenses that you incur to reestablish your records of accounts receivable.
- b. The most we will pay in any one occurrence for this Special Coverage is \$25,000.

2. Electronic Data Processing Equipment Coverage

- a. We will pay for loss or damage to your Electronic Data Processing Equipment and Electronic Data Processing Media which you own, lease, or rent from others or for which you are legally responsible.
- b. We will pay for loss or damage resulting from or caused by:
 - (1) Short circuit, blowout or other electrical damage or disturbance (except interruption of power supply, power surge, blackout or brown-out if the cause of such occurrence took place more than 100 feet from the insured's location as shown in the policy).
 - (2) Electrical or magnetic injury, disturbance or erasure of electrical recordings except if damage occurs outside the insured's location or if there is a change in the insured's electrical power supply, such as interruption, power surge or brownout, which originates more than 100 feet from the insured's location as shown in the policy.
- c. The most we will pay for loss to hardware in any one occurrence is \$25,000. The most we will pay for loss to software in any one occurrence is \$5,000.
- d. We will not pay for loss or damage resulting from:
 - (1) Loss to property loaned, leased or rented to others while away from the premises listed in the Declarations.
 - (2) Data or media which cannot be replaced with others of the same kind and quality.
 - (3) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents. But we will cover such property when it is converted to data form and then only in that form.
 - (4) Error or omission in machine programming or incorrect instruction to a machine.
- e. Exclusions **B.2.a.** and **B.2.d.(6)** of the Causes of Loss - Special Form do not apply to this special coverage.
- f. "Electronic Data Processing Equipment" means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery nor the production machinery itself.
- g. "Electronic Data Processing Media" means punch cards, tapes, discs, drums, cells or other magnetic recording or storage devices, including the information recorded on the media. It also includes the original source material used to enter data and/or programs.

H. SECTION C. LIMITS OF INSURANCE: We will pay up to \$10,000 in aggregate at each described premises for outdoor signs attached to covered buildings and unattached to buildings, subject to the deductible applicable in this endorsement.

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SECTION II – The following provisions are applicable to all coverage modifications made by this endorsement unless a modification expressly states otherwise.

A. Excess Insurance

The extended coverage provided by this endorsement is excess over any other valid and collectible insurance.

B. Deductible

One deductible of \$500 applies to all coverage extensions on this endorsement unless specifically indicated otherwise on this endorsement.

We will not pay for loss or damage in any one occurrence until the amount of loss exceeds \$500. We will then pay the amount of loss in excess of the deductible up to the limit stated in that particular coverage extension.

If one occurrence causes losses covered by more than one of the coverage extensions under this endorsement, only one deductible will apply to the coverage extensions under this endorsement. The deductible that will apply is the highest deductible under any one of the coverage extensions, with a maximum deductible of \$1,000.

C. Additional Definitions

The following definitions are applicable for purposes of this endorsement only.

1. "Money" means:
 - a. Currency, coins, and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks, and money orders held for sale to the public.
2. "Operations" means your business activities occurring at any location scheduled in the Declarations.
3. "Securities" means negotiable and non- negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue, and other stamps (whether represented by actual stamps or unused valve in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

POLICY NUMBER: CDP-0007120-04

COMMERCIAL PROPERTY
CISCP 99 11 (02 20)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage and maintain in the "on" position at all times any automatic fire alarm or other automatic system listed in the Schedule; and
3. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, if part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

B. The following is added to the Exclusions section of:

Causes Of Loss - Special Form

We will not pay for loss or damage if, prior to the loss or damage, you failed to comply with any condition set forth in Paragraph **A**.

C. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;
 - (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
 - (1) Non-automatic fire protective systems; and
 - (2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Automatic Burglary Alarm, protecting the entire building that signals to:

- a. An outside central station; or

- b. A police station.

"P-4" 24 Hour Professional Security Service, with a recording system or watch clock, making hourly rounds covering the entire building.

"P-5" Professional Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-6" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-7" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking or processing appliances or machinery and having the following components and maintenance intervals:

- a. Hood;
- b. Grease removal device;
- c. Duct system;
- d. Wet chemical fire extinguishing equipment;
- e. Semi Annual cleaning; and
- f. Annual inspection by a licensed independent contractor

"P-9" the protective system described in the Schedule.

POLICY NUMBER: CDP-0007120-04

COMMERCIAL PROPERTY
CISCP 99 12 (02 20)**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PROTECTIVE SAFEGUARDS SUPPLEMENTAL SCHEDULE**

This Schedule shall be used in conjunction with CISCP 99 11 – Protective Safeguards

SCHEDULE*

Premises Number(s)	Building Number(s)	Protective Safeguards Symbols Applicable	Describe Any "P-9"
1	1	P1, P2, P9	Safe or vault, Interior/Exterior video camers, Door greeter/ID checker, Hold-up button/panic button,
2	1	P3, P9	Interior/Exterior video cameras, Interior motion detectors, Door greeter/ID checker, Fencing
3	1	P1, P2, P9	Interior/Exterior video cameras

Exhibit A

COMMERCIAL PROPERTY
CISCP 99 30 10 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL FUNGUS, WET ROT, DRY ROT AND BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

- A. Paragraph B. 1. h. **"Fungus", Wet Rot, Dry Rot And Bacteria** is deleted in its entirety and replaced with the following:

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

- B. Paragraph E. **Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria** is deleted in its entirety.

All other terms and conditions of this policy remain unchanged.

Policy Number: CDP-0007120-04

CIS CP 99 32 (05 20)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - COMMUNICABLE DISEASE

- A.** This Policy does not apply to or provide coverage for any loss, damage, liability, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- B.** This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:
 - 1.** Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
 - 2.** Testing for a communicable disease;
 - 3.** Failure to prevent the spread of the disease; or
 - 4.** Failure to report the disease to authorities.
- C.** The terms of this exclusion or the inapplicability of this exclusion to a particular loss do not serve to create coverage for any loss that would otherwise be excluded.
- D.** For the purposes of this exclusion, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 1.** The substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not;
 - 2.** The method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and
 - 3.** The disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

Policy Number: CDP-0007120-04

CIS CP NBCR (05 20)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - NUCLEAR, BIOLOGICAL, BIO-CHEMICAL, CHEMICAL AND RADIATION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A. This Policy does not apply to or provide coverage for any direct or indirect, actual or threatened claim, "suit", loss, or Any Injury Or Damage, including all consequential loss, caused by, arising out of, or resulting from or in connection with any NBCR Activity, including any action taken to hinder, defend against or respond to any such activity.
- B. This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in any sequence to such loss, cost or expense.
- C. For the purposes of this Exclusion:
 - 1. NBCR Activity means any act that includes, involves or is associated with, in whole or in part, the use or alleged use or threatened use, exposure, release, discharge, transmission, dissemination, migration, escape, spreading by contagion, inhalation or absorption (referred to collectively as Dissemination) of any Nuclear, Biological, Bio-Chemical, Chemical Or Radioactive Agent, Substance, Material, Device Or Weapon.
 - 2. Nuclear, Biological, Bio-Chemical, Chemical Or Radioactive Agent, Substance, Material, Device Or Weapon means and includes, without limitation, any nuclear reaction or radiation, radioactive contamination, atomic fission or fusion, biological or bio-chemical or chemical agent or substance, organism, micro-organism, bacterium, particle, virus, pathogen, bio-aerosol, chemical, alkali, molecule, contaminant, toxin, vapor or irritant, whether solid, semi-solid, liquid or gaseous, the "Dissemination" of which on or into land, water or atmosphere, whether inside or outside any building or structure, can damage, injure or endanger life, health or property.
 - 3. Any Injury Or Damage means any injury or damage covered under any Coverage Part to which this endorsement applies, and includes but is not limited to "bodily injury", "property damage", or "personal and advertising injury" as may be defined in any applicable Coverage Part.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL PROPERTY NOT COVERED –
CANNABIS AND HEMP**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. The following is added to PROPERTY NOT COVERED:

1. "Living Plant Material", "Goods In Process" and "Completed Stock".

B. The following is added to the Definitions:

1. "Living Plant Material" means immature marijuana seedlings, marijuana plants in the vegetative growth stage, and mature flowering marijuana plants rooted in growing medium.
2. "Goods In Process" means mature marijuana plant materials no longer in the growing medium which are in the process of being dried, cured or made ready for sale.
3. "Completed Stock" means mature marijuana plant material no longer in the growing medium which has been completely processed and is ready for sale.

This endorsement does not modify insurance provided under the following:

CANNABIS AND HEMP COVERAGE ENDORSEMENT CIS CP 99 00

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CANNABIS AND HEMP COVERAGE
CAUSES OF LOSS - SPECIAL FORM

The Coverage Forms to which this endorsement applies is extended to insure against direct physical loss or damage by an "equipment breakdown", but only with respect to coverage provided by this endorsement.

SECTION I – The following modifications are made to the Building and Personal Property Coverage Form.

A. The following are added to Paragraph 4. Additional Coverages **SECTION A. COVERAGE** as part of and not in addition to the limit per loss.

1. Pollutant Clean Up and Removal

We will pay for the Pollutant Clean Up and Removal for loss resulting from an "equipment breakdown". The most we will pay for the Pollutant Clean Up and Removal is \$25,000.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

2. Expediting Expenses

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the "reasonable extra cost" to:

- a. Make temporary repairs;
- b. Expedite permanent repairs; and
- c. Expedite permanent replacement

"Reasonable extra cost" shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

3. Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "equipment breakdown".

The most we will pay for Refrigerant Contamination is \$25,000.

4. Spoilage

a. We will pay for loss of "perishable goods" due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown".

b. However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

c. The most we will pay for Spoilage is \$25,000.

5. CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances caused by an "equipment breakdown".

Additional costs mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage or Loss of Income Coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We pay no more than the least of the following:

- a. The cost to repair the damaged property and replace any lost CFC refrigerant;
- b. The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- c. The cost to replace the system with one using a non-CFC refrigerant.

6. Computer Equipment

We will pay for loss or damage to your "computer equipment" caused by an "equipment breakdown".

7. Service Interruption

Any insurance provided for Business Income, Extra Expense, or Spoilage is extended to apply to your loss, damage or expense caused by an "equipment breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, or data transmission. The equipment must meet the definition of "equipment breakdown" except that it is not Covered Property.

8. Valuable Papers and Records

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on electronic media and records as a result of an "equipment breakdown".

This will be part of and not an addition to the limits provided by the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and under the Building and Personal Property Coverage Form.

B. The following conditions apply in addition to the common Policy Conditions and the Commercial Property Conditions:

1. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- a. Your last known address; or
- b. The address where the property is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

If Covered Property requires replacement due to an "equipment breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This Condition does not apply to any property to which Actual Cash Value applies.

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4. Green Environmental and Efficiency Improvements

If Covered Property requires repair or replacement due to an “equipment breakdown”, we will pay:

- a. The lesser of the reasonable and necessary additional cost incurred by the insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as “green”. Like kind and quality includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the insured for an accredited professional certified by a “green authority” to participate in the repair or replacement of physically damaged Covered Property as “green”.
- c. The additional reasonable and necessary cost incurred by the insured for certification or recertification of the repaired or replaced Covered Property as “green”.
- d. The additional reasonable and necessary cost incurred by the insured for “green” in the removal, disposal or recycling of damaged Covered Property.
- e. The business interruption (if covered within the policy to which this Equipment Breakdown Enhancement Endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with “green”, in the coverages above.

We will not pay more than 150%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

Green Environmental and Efficiency Improvements does not cover any of the following:

- a. Covered Property does not include stock, raw materials, finished goods, “production machinery”, merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the insured is legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the insured was legally obligated to comply prior to the time of the “equipment breakdown”.

C. The following are added to the Definitions:

- 1. “Computer equipment” means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.
- 2. “Equipment breakdown” as used herein means:
 - a. Physical loss or damage both originating within:
 - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - (a) Waste disposal piping;
 - (b) Any piping forming part of a fire protective system;
 - (c) Furnaces; and
 - (d) Any water piping other than:
 - (i) Boiler feed water piping between the feed pump and the boiler;
 - (ii) Boiler condensate return piping; or
 - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.

- (2) All mechanical, electrical, fiber optic equipment or electronic ; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

- a. Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:
 - (1) Wear and Tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
 - (6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software; or
 - (7) Scratching and marring.
- b. Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.
- 3. "Green" means products, materials, methods and processes certified by a "green authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
- 4. "Green Authority" means an authority on "green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), Green Building Initiative Green Globes®, Energy Star Rating System or any other recognized "green" rating system.
- 5. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.
- 6. "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

SECTION II – The following modifications are made to the Causes of Loss - Special Form.

- A. The following is added to Paragraph A., **Covered Causes Of Loss**:
 - 1. "Equipment Breakdown"
- B. Paragraphs B.2.d. (6) and B.2.e, under B. **Exclusions**, do not apply.
- C. Paragraph B.2.a., under B. **Exclusions** is deleted and replaced with the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if an "equipment breakdown" results, we will pay for the loss or damage caused by that "equipment breakdown".

D. Paragraphs **C.1.a.** and **C.1.b.**, under **C. Limitation**, do not apply.

E. Paragraph **G.2.**, under **G. Definitions** is deleted and replaced with the following:

2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire- extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; "equipment breakdown".
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man- made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means:
 - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
 - (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

SECTION III – The following modifies coverage provided by the Cannabis and Hemp Coverage Form.

A. The following Covered Cause of Loss is added to Paragraph **C.3.**, **Covered Causes Of Loss** in the Cannabis and Hemp Coverage Form:

"Equipment Breakdown"

B. For coverage provided by **the Cannabis and Hemp Coverage form**, Paragraph **C.5.**, under **C. Definitions in SECTION I of this Endorsement** is deleted and replaced with:

5. "Perishable goods" means stock, including "Living Plant Material", "Goods In Process" and "Completed Stock", preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

- C. For coverage provided by **the Cannabis and Hemp Coverage form**, the following is modified in **SECTION I of this Endorsement**, Paragraph **A.4.c.**, under **4. Additional Coverages**:

The most we will pay for Spoilage including, "Living Plant Material", "Goods In Process" and "Completed Stock", is \$25,000.

POLICY NUMBER: CDP-0007120-04

COMMERCIAL PROPERTY
CP 10 36 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****LIMITATIONS ON COVERAGE FOR ROOF SURFACING**

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
ALL	ALL	B

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this Paragraph **A.**:

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

- B.** The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B.**:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

- C.** For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

POLICY NUMBER:

COMMERCIAL PROPERTY
CIS CP 10 38 02 20**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****DISCHARGE FROM SEWER, DRAIN OR SUMP
(NOT FLOOD-RELATED)**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
 BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 EXTRA EXPENSE COVERAGE FORM
 TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Discharge Limit (Property Damage)	Discharge Limit (Business Interruption)	Annual Aggregate Limitation Applies
ALL	ALL	\$ 25,000	\$ 0	X

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** If a Discharge Limit for Property Damage is entered in the Schedule, the following applies:

With respect to the premises identified in the Schedule, we will pay for direct physical loss or damage to Covered Property, caused by or resulting from discharge of water or waterborne material from a sewer, drain or sump located on the described premises, provided such discharge is not induced by flood or flood-related conditions.

The aforementioned references to flood include surface water, waves (including tidal wave and tsunami), tides, tidal water, and overflow of any body of water, including storm surge.

For the purpose of this endorsement, the term drain includes a roof drain and related fixtures.

- B.** If a Discharge Limit for Business Interruption is entered in the Schedule, the following applies:

With respect to the premises identified in the Schedule, we will pay for business income loss and/or extra expense in accordance with the terms of the Coverage Form applicable to such premises under your policy, when such loss or expense arises out of the direct physical loss or damage described in Paragraph **A**.

- C.** There is no coverage under this endorsement if:
- 1.** The discharge results from an insured's failure to perform routine maintenance or repair necessary to keep a sewer or drain or a sump, sump pump or related equipment free from obstruction and in proper working condition. This limitation does not apply to sudden mechanical breakdown of a sump pump or its related equipment, provided the breakdown is not the result of an insured's negligence; or
 - 2.** Sump pump failure is caused by or results from failure of power, unless this policy is endorsed to cover power failure affecting the described premises.
- D.** To the extent that the Water Exclusion might conflict with the coverage provided under this endorsement, the Water Exclusion does not apply to such coverage.
- E.** We will not pay the cost of repairing or replacing a sewer, drain, sump, sump pump or any related parts or equipment.
- F.** The most we will pay under this endorsement, for the total of all covered loss and expense, is the applicable Discharge Limit shown in the Schedule. Such Limit is part of, not in addition to, the Limit of Insurance applicable to the Covered Property, business income or extra expense.
- G.** If the Annual Aggregate Limitation is shown as applicable in the Schedule, then the following applies:
The applicable Discharge Limit is an annual aggregate limit and as such is the most we will pay for the total of all covered loss and expense caused by all occurrences in a 12-month period (starting with the beginning of the present annual policy period), regardless of the number of occurrences during that period of time. Thus, if the first occurrence does not exhaust the applicable Discharge Limit, then the balance of that Limit is available for a subsequent occurrence. If an occurrence begins during one annual policy period and ends during the following annual policy period, any Discharge Limit applicable to the following annual policy period will not apply to that occurrence.
- H.** All policy provisions apply to the coverage provided under this endorsement unless otherwise indicated, including the Deductible for direct physical loss or damage and the "period of restoration" for business income and extra expense. However, the Maximum deductible for the coverage provided under this endorsement is \$2,500. If an occurrence results in loss payable only under this endorsement, the \$2,500 deductible will apply to this endorsement. But if an occurrence also causes other loss or damage that is paid under this policy, a separate Deductible will not apply to the loss or damage covered under this endorsement.

POLICY NUMBER: CDP-0007120-04

COMMERCIAL PROPERTY
CP 03 21 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY
 TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
ALL	ALL	2 %
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

**WINDSTORM OR HAIL DEDUCTIBLE
CALCULATIONS****A. Calculation Of The Deductible – All Policies**

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;
 - b. The personal property at each building at which there is loss or damage to personal property; and
 - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.

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3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance Other than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

D. Calculation Of The Deductible – Builders' Risk Insurance

1. Builders' Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

Examples – Application Of Deductible

Example 1 – Specific Insurance (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$80,000 (80% of \$100,000).

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1): $\$70,000 \div \$80,000 = .875$

Step (2): $\$60,000 \times .875 = \$52,500$

Step (3): $\$70,000 \times 1\% = \700

Step (4): $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

Example 2 – Specific Insurance (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$100,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the Coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

Building

Step (1): $\$80,000 \times 2\% = \$1,600$

Step (2): $\$60,000 - \$1,600 = \$58,400$

Personal Property

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

Example 3 – Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000) and Building 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit Of Insurance covering Buildings 1, 2, and 3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Buildings 1 and 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building 1) and \$20,000 (Building 2).

The Deductible is 2%.

Building 1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

Building 2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

Example 4 – Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Personal Property at Building 1 (\$250,000) and Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit Of Insurance covering Buildings 1 and 2 and Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building 1 and Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

Building

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

Personal Property

Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

COMMERCIAL PROPERTY
CP 01 40 07 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

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IL 09 35 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.



INSURANCE COMPANY

November 23, 2022

Evergreen State Holdings, LLC
PO Box 158
Grass Valley, Oregon 97029

RE: Insured : Evergreen State Holdings, LLC
 Date of Loss : 11/20/2022
 Policy Number: CDP-0007120-04
 Claim Number: 000000109435

Dear Evergreen State Holdings, LLC

This letter will acknowledge receipt of your claim received in our office on **11/23/200**

Your Topa policy number **CDP-0007120-04** is effective from **1/1/2022 to 1/1/2023**.

You reported a claim for: A Big fire in Oregon .One of the labs statics electricity caused a spark that triggered a explosion in the extraction room at a hemp plant. Fire spread through out the whole building the employees were able to get out.

If you have any documentation of temporary repairs, please forward them to Topa Insurance Group or give them to the adjuster inspecting your property.

When I receive all of the information, I shall contact you regarding a resolution of this matter.

I shall give your claim prompt attention and fair consideration. A copy of the Declarations Pages from the above captioned policy is included showing the various coverages that may apply. Please note that the claim will be resolved dependent on the facts and cause of loss determined by our investigation, along with review of the resulting damages as they relate to the available coverages, endorsements and exclusions within your specific policy at the time of loss. Should you have any questions, at any time, please feel free to contact me

This letter is not intended to waive, limit or restrict any of the company's rights or conditions under the policy of insurance.

We are also required to provide you with the following advisory.

POST OFFICE BOX 9269 ♦ CALABASAS, CALIFORNIA 91372-9269 ♦ (818) 466-5900



INSURANCE COMPANY

Requirements in case loss occurs:

Please be advised that tax returns are privileged against disclosure under applicable law but may be necessary to process or determine the claim.

Additionally, every claimant is entitled, upon request, copies of claim-related documents. For purposes of this section, "claim-related documents" means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement and loss adjustment calculations of the amount of loss, covered damage and cost of repairs. However, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, are excluded from the documents an insurer is required to provide pursuant to this section to a claimant. The insurer shall have 15 calendar days after receiving such request to provide the requested, except those excluded, claim-related documents.

Sincerely,

Kent Kassi
Claims Examiner
(818) 466-5953 Ext: or (877)353-8672 Ext. 5953

Enclosure



INSURANCE COMPANY

**CALIFORNIA INSURANCE CODE
SECTION 790.03**

790.03. The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance.

(a) Making, issuing, circulating, or causing to be made, issued or circulated, any estimate, illustration, circular or statement misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon, or making any false or misleading statement as to the dividends or share of surplus previously paid on similar policies, or making any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates, or using any name or title of any policy or class of policies misrepresenting the true nature thereof, or making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce such policyholder to lapse, forfeit, or surrender his or her insurance.

(b) Making or disseminating or causing to be made or disseminated before the public in this state, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatsoever, any statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of his or her insurance business, which is untrue, deceptive, or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue, deceptive, or misleading.

(c) Entering into any agreement to commit, or by any concerted action committing, any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business of insurance.

(d) Filing with any supervisory or other public official, or making, publishing, disseminating, circulating, or delivering to any person, or placing before the public, or causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before the public any false statement of financial condition of an insurer with intent to deceive.

(e) Making any false entry in any book, report, or statement of any insurer with intent to deceive any agent or examiner lawfully appointed to examine into its condition or into any of its affairs, or any public official to whom the insurer is required by law to report, or who has authority by law to examine into its condition or into any of its affairs, or, with like intent, willfully omitting to make a true entry of any material fact pertaining to the business of the insurer in any book, report, or statement of the insurer.

(f) Making or permitting any unfair discrimination between individuals of the same class and equal expectation of life in the rates charged for any contract of life insurance or of life annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of the contract. This subdivision shall be interpreted, for any contract of ordinary life insurance or individual life annuity applied for and issued on or after January 1, 1981, to require differentials based upon the sex of the individual insured or annuitant in the rates or dividends or benefits, or any combination thereof. This requirement is satisfied if those differentials are



INSURANCE COMPANY

substantially supported by valid pertinent data segregated by sex, including, but not necessarily limited to, mortality data segregated by sex. However, for any contract of ordinary life insurance or individual life annuity applied for and issued on or after January 1, 1981, but before the compliance date, in lieu of those differentials based on data segregated by sex, rates, or dividends or benefits, or any combination thereof, for ordinary life insurance or individual life annuity on a female life may be calculated as follows: (a) according to an age not less than three years nor more than six years younger than the actual age of the female insured or female annuitant, in the case of a contract of ordinary life insurance with a face value greater than five thousand dollars (\$5,000) or a contract of individual life annuity; and (b) according to an age not more than six years younger than the actual age of the female insured, in the case of a contract of ordinary life insurance with a face value of five thousand dollars (\$5,000) or less. "Compliance date" as used in this paragraph shall mean the date or dates established as the operative date or dates by future amendments to this code directing and authorizing life insurers to use a mortality table containing mortality data segregated by sex for the calculation of adjusted premiums and present values for non-forfeiture benefits and valuation reserves as specified in Sections 10163.5 and 10489.2 or successor sections. Notwithstanding the provisions of this subdivision, sex based differentials in rates or dividends or benefits, or any combination thereof, shall not be required for (1) any contract of life insurance or life annuity issued pursuant to arrangements which may be considered terms, conditions, or privileges of employment as these terms are used in Title VII of the Civil Rights Act of 1964 (Public Law 88-352), as amended, and (2) tax sheltered annuities for employees of public schools or of tax exempt organizations described in Section 501(c)(3) of the Internal Revenue Code.

(g) Making or disseminating, or causing to be made or disseminated, before the public in this state, in any newspaper or other publication, or any other advertising device, or by public outcry or proclamation, or in any other manner or means whatever, whether directly or by implication, any statement that a named insurer, or named insurers, are members of the California Insurance Guarantee Association, or insured against insolvency as defined in Section 119.5. This subdivision shall not be interpreted to prohibit any activity of the California Insurance Guarantee Association or the commissioner authorized, directly or by implication, by Article 14.2 (commencing with Section 1063).

(h) Knowingly committing or performing with such frequency as to indicate a general business practice any of the following unfair claims settlement practices: (1) Misrepresenting to claimants pertinent facts or insurance policy provisions relating to any coverages at issue. (2) Failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies.

(3) Failing to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.

(4) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss requirements have been completed and submitted by the insured.

(5) Not attempting in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear.



INSURANCE COMPANY

(6) Compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by the insureds, when the insureds have made claims for amounts reasonably similar to the amounts ultimately recovered.

(7) Attempting to settle a claim by an insured for less than the amount to which a reasonable man would have believed he was entitled by reference to written or printed advertising material accompanying or made part of an application.

(8) Attempting to settle claims on the basis of an application which was altered without notice to, or knowledge or consent of, the insured, his or her representative, agent, or broker.

(9) Failing, after payment of a claim, to inform insureds or beneficiaries, upon request by them, of the coverage under which payment has been made.

(10) Making known to insureds or claimants a practice of the insurer of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration.

(11) Delaying the investigation or payment of claims by requiring an insured, claimant, or the physician of either, to submit a preliminary claim report, and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information.

(12) Failing to settle claims promptly, where liability has become apparent, under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage.

(13) Failing to provide promptly a reasonable explanation of the basis relied on in the insurance policy, in relation to the facts or applicable law, for the denial of a claim or for the offer of a compromise settlement.

(14) Directly advising a claimant not to obtain the services of an attorney.

(15) Misleading a claimant as to the applicable statute of limitations.

(16) Delaying the payment or provision of hospital, medical, or surgical benefits for services provided with respect to acquired immune deficiency syndrome or AIDS-related complex for more than 60 days after the insurer has received a claim for those benefits, where the delay in claim payment is for the purpose of investigating whether the condition preexisted the coverage. However, this 60-day period shall not include any time during which the insurer is awaiting a response for relevant medical information from a health care provider.

790.034. Regulations adopted by the commissioner pursuant to this article which relate to the settlement of claims shall take into consideration settlement practices by classes of insurers.

790.035. (a) Any person who engages in any unfair method of competition or any unfair or deceptive act or practice defined in Section 790.03 is liable to the state for a civil penalty to be fixed by the commissioner, not to exceed five thousand dollars (\$5,000) for each act, or, if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000) for each act. The commissioner shall have the discretion to establish what constitutes an act. However, when the issuance, amendment, or servicing of a policy or endorsement is inadvertent, all of



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those acts shall be a single act for the purpose of this section. (b) The penalty imposed by this section shall be imposed by and determined by the commissioner as provided by Section 790.05. The penalty imposed by this section is appealable by means of any remedy provided by Section 12940 or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

790.036. (a) It is an unfair and deceptive act or practice in the business of insurance for an insurer to advertise insurance that it will not sell. (b) Nothing in this section shall be construed to prohibit any insurer from advertising insurance products for which it is licensed to sell in this state where the product is not available for sale so long as the unavailability is disclosed in the advertisement. (c) A violation of this section is subject to the sanctions provided for by this article. (d) An intentional violation of this section is a misdemeanor punishable by a fine not exceeding ten thousand dollars (\$10,000). (e) This section does not apply to any insurer that refuses to sell a policy of insurance on the basis of its underwriting guidelines. (f) This section does not apply to advertisements by an insurer where the advertisements are broadcast and originate from outside this state. As used in this subdivision, "broadcast" includes electronic media, television, and radio. As used in this subdivision, "originate from outside this state" includes cable transmittal of programs broadcast by stations located outside California.

****Notice: "In addition to Section 790.03 of the Insurance Code provided here, Fair Claims Settlement Practices Regulations govern how insurance claims must be processed in this state. These regulations are available at the department of Insurance Internet site, www.insurance.ca.gov. You may also obtain a copy of these regulations free of charge from this insurer."**



INSURANCE COMPANY

Topa Insurance Company

OUR PRIVACY NOTICE AND INFORMATION POLICIES AND PRACTICES

Our Privacy Principles

- We value you as a customer and make your privacy our priority.
- We do not sell customer information.
- We do not allow those who are doing business on our behalf to use our customer information for their own marketing purposes.
- We contractually require any person or organization providing products or services on our behalf to protect your customer information.
- We afford prospective and former customers the same protection as existing customers with respect to the use and protection of personal information.
- We do not share nonpublic personal information, including customer medical information with anyone unless:
 - You expressly authorized it.
 - It is permitted or required by law.
 - Your insurance policy contract with us permits us to do so.

Information We May Collect

We only collect, use and maintain information to efficiently conduct our business, to advise you of our products and services, and to provide you with customer service. We may collect and maintain several types of customer information needed for these purposes, such as those described below:

Types of personal information we may collect and how we gather it:

- From you on applications or other forms you provide us (such as name, address, Social Security number, beneficiary, etc.):
- From your transactions with us and or our affiliates (such as your payment history, underwriting and claim records):
- From medical providers, other insurers, employers, insurance support organizations, and other service providers (such as driving record, claim and or credit histories)

To Whom Information is Disclosed

We protect your nonpublic personal information. The only employees who have access to that information are those who must have it to provide products or services to you. We do not share

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customer information with anyone outside of the people who perform our professional services for our insurance business. For example, We may share customer information to underwrite your policies, process your claims, ensure proper billing, service your accounts, and offer you products we believe may suit your needs. We do not disclose any personal information about you to anyone unless allowed by law.

Safeguarding Information

We have physical, electronic and procedural safeguards that protect the confidentiality and security of all our customer information. These safeguards comply with federal and state regulations, and restrict access to nonpublic personal information about you to staff on a “need to know” basis to provide you with products and services or to maintain information security practices.

In order to ensure the safety of your nonpublic personal information, we continually:

- Maintain physical, electronic and procedural safeguards
- Review our policies and procedures
- Monitor our computer networks
- Test the strength of our security

Your Rights

You may request access to certain information we have collected about you. You have the further right to seek correction of this information if you feel it is inaccurate. You must make your request in writing and send it to the address below. The letter should include your full name, address, telephone number and policy number if we have issued a policy. Your letter should also explain what information we have obtained that you believe is inaccurate. After our review, if we agree a correction to your information is necessary, we will correct the information and notify you of the correction.

Topa Insurance Company is concerned about the protection of your privacy. A more detailed description of our Information Practices and your right to privacy is available upon your written request. Please contact us at:

Topa Insurance Company
Compliance Department
24025 Park Sorrento, Suite 330
Calabasas, CA 91302

COMMON POLICY DECLARATIONS

POLICY NUMBER: CDP-0007120-04

Coverage Provided By:
Dorchester Insurance Company, Ltd

Responsible Agent of Record:
CIS Insurance Services, LLC
1468 W 9th Street Suite 805
Cleveland, Ohio 44113
800-420-5757
cannasure.com

NAMED INSURED: Evergreen State Holdings, LLC; Central Oregon Processing LLC; Prineville Solutions IMAILING ADDRESS: PO Box 158Grass Valley, OR 97029

POLICY PERIOD: FROM 01/01/2022 TO 01/01/2023 AT 12:01 A.M. STANDARD
 TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BUSINESS ENTITY	<input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Joint Venture <input type="checkbox"/> Trust <input type="checkbox"/> Other:
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BUSINESS DESCRIPTION	Manufacturer
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**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS
 POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

**THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS
 INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.**

	PREMIUM
COMMERCIAL PROPERTY COVERAGE PART	\$77,930.00
COMMERCIAL GENERAL LIABILITY COVERAGE PART	N/A
COMMERCIAL EXCESS LIABILITY	N/A
COMMERCIAL INLAND MARINE COVERAGE PART	N/A
PRODUCTS LIABILITY COVERAGE	N/A
TERRORISM	REJECTED
Administrative Fee	\$1,250.00
Inspection Fee	\$175.00
Surplus Lines Tax	\$1,587.10
Fire Marshall Tax	\$238.07
SLSC	\$10.00
TOTAL:	\$81,190.17


"This insurance was procured and developed under the Oregon surplus lines laws. It is NOT covered by the provisions of ORS 734.510 to 734.710 relating to the Oregon Insurance Guaranty Association. If the insurer issuing this insurance becomes insolvent, the Oregon Insurance Guaranty Association has no obligation to pay claims under this insurance.

SCHEDULE OF NAMED INSURED:

Evergreen State Holdings, LLC; Central Oregon Processing LLC; Prineville Solutions LLC DBA GVB Oregon;
Prineville Refrigeration Co

FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):

SEE SCHEDULE OF FORMS

Countersigned:	By:
01/20/2022	
(Date)	(Authorized Representative)

SCHEDULE OF FORMS

Named Insured: Evergreen State Holdings, LLC; Central Oregon Processing LLC; Prineville Solutions LLC DBA

Policy Number: CDP-0007120-04

COMMON POLICY

CISDECD01	(10 17)	COMMON POLICY DECLARATIONS-PROP
CIS ASF	(04 19)	TWO OR MORE COVERAGE FORMS OR POLICIES
		ISSUED BY US
CIS MP 004	(10 17)	25% MINIMUM EARNED PREMIUM ENDORSEMENT
CIS SUIT D N006	(10 17)	SERVICE OF SUIT CLAUSE
IL 00 17	(11 98)	COMMON POLICY CONDITIONS
CIS DISCLOSURE TRIA	(12 17)	DISCLOSURE PURSUANT TO TERRORISM RISK
		INSURANCE ACT
IL 09 53	(01 15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 01 39	(12 02)	OREGON CHANGES
IL 02 79	(09 08)	OREGON CHANGES - CANCELLATION AND NONRENEWAL
IL N 085	(02 11)	OREGON FRAUD STATEMENT
CIS CP 99 32	(05 20)	EXCLUSION - COMMUNICABLE DISEASE

COMMERCIAL PROPERTY

CIS CP DEC 02	(10 17)	COMMERCIAL PROPERTY COVERAGE PART
		DECLARATIONS PAGE
CIS CP DEC 02 A	(10 17)	CANNABIS AND HEMP SCHEDULE
CP 00 90 -	(02 00)	COMMERCIAL PROPERTY CONDITIONS (INCLUDES
		RESTRICTIONS OR ABRIDGMENTS)-OREGON
CP 00 10	(10 12)	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 30	(10 12)	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE
		FORM
CP 10 30	(09 17)	CAUSES OF LOSS-SPECIAL FORM
CIS CP 99 00	(04 19)	CANNABIS AND HEMP COVERAGE
CIS CP TRANSIT	(11 17)	PROPERTY IN TRANSIT
CIS CP 99 50	(02 20)	EXPANDED PROPERTY ENDORSEMENT
CIS CP 99 11	(02 20)	PROTECTIVE SAFEGUARDS
CIS CP 99 12	(02 20)	PROTECTIVE SAFEGUARDS SCHEDULE
CIS CP 99 30	(10 17)	TOTAL FUNGUS, WET ROT, DRY ROT AND BACTERIA
		EXCLUSION
CIS CP NBCR	(05 20)	EXCLUSION - NUCLEAR, BIOLOGICAL,
		BIO-CHEMICAL, CHEMICAL AND RADIATION
CIS CP 14 20	(02 19)	ADDITIONAL PROPERTY NOT COVERED-CANNABIS AND
		HEMP
CIS CP 99 60	(08 18)	EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT
CP 10 36	(10 12)	LIMITATIONS ON COVERAGE FOR ROOF SURFACING
CIS CP 10 38	(02 20)	DISCHARGE FROM SEWER, DRAIN OR SUMP (NOT
		FLOOD-RELATED)
CP 03 21	(10 12)	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
CP 01 40	(07 06)	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
IL 09 35	(07 02)	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES